

**GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA**

UNSTARRED QUESTION NO:1070
ANSWERED ON:01.08.2005
PENSION SCHEME FOR UNORGANISED SECTOR
Choudhary Shri Nikhil Kumar

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether a group of five members has been constituted by the Asian Bank to prepare a pension scheme for 37 crores workers of unorganised sector in India;
- (b) if so, whether the said group has already submitted its report to the Government;
- (c) if so, the number of persons included in the survey;
- (d) the modus operandi to consider the urban and rural sectors position; and
- (e) the main recommendations of the group and the action taken by the Government thereon?

Answer

MINISTER OF LABOUR AND EMPLOYMENT (SHRI K. CHANDRASEKHAR RAO)

(a) to (d): As part of a technical assistance agreement, the Asian Development Bank appointed a five member Project Team to, inter-alia, conduct a national sample survey to study the income, expenditure and savings behaviour of the Indian Labour force. The survey covered 40,862 earning members of the Indian Labour force in both urban and rural areas.

(e): A gist of main recommendation of the Team is enclosed.

Statement referred to in part (e) of the Lok Sabha Unstarred Question No. 1070 for 01.08.2005 regarding Pension Scheme for Unorganised Sector.

Main Recommendations of the Asian Development Bank (ADB) Report are as follows:

- # That the legislation to replace the Ordinance should contain a specific provision that will protect the benefits of subscribers and their beneficiaries from attachment by creditors.
- # That the Pension Fund Regulatory & Development Authority (PFRDA) engage in external expertise to assist in creating a management information platform based on the Central Recordkeeping and Accounting Agency (CRA) administrative statistics.
- # To assure NPS coverage of unorganised sector workers in the middle and lower income groups.
- # That the Government of India consider the merits of co-contribution arrangements for widowed female workers contributing to the National Pension Scheme (NPS).
- # That NPS marketing and sales strategies place more emphasis on the principle of encouraging deferred consumption as the central concept of pension savings.
- # That the PFRDA give equal attention to marketing NPS in rural areas of India.
- # Before the NPS is implemented, the PFRDA commission further market research into savings behaviour of mechanized farmers, small retailers and niche market self-employed workers.
- # That the PFRDA test market the NPS architecture and NPS marketing tools in a selected State or States prior to full national implementation of the scheme.
- # That the Government of India may consider ending new subscription to the PPF.
- # That the PFRDA should require the CRA to be very strongly capitalized ab initio in order that it may make the investments appropriate to its mandate.
- # That the PFRDA carefully consider the regulatory implications of the NPS architecture if it is intended to change it from single CRA to multiple CRA or to a single master trust fund.
- # That the PFRDA should restrict the registration of individual as intermediaries to persons who have passed the examinations/tests prescribed.
- # That the PFRDA should require a rigorous and independent audit of the systems proposed to be used by CRA.